



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

REGION 6
1445 ROSS AVENUE, SUITE 1200
DALLAS TX 75202-2733

OCT 14 2014

Mr. Robert Puente, President/CEO
Ms. Nancy Belinsky, Vice President/General Counsel
San Antonio Water System
2800 U.S. Highway 281 North
San Antonio, Texas 78212

Re: United States of America and State of Texas v. San Antonio Water System
Civil Action No. 5:13-cv-00666-DAE

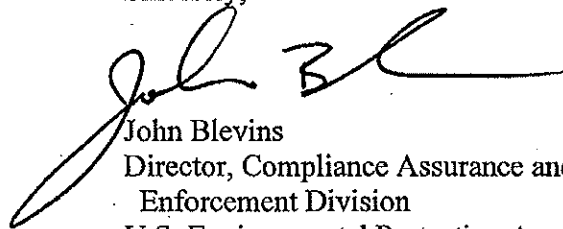
Dear Mr. Puente and Ms. Belinsky:

The United States Environmental Protection Agency ("EPA") and State of Texas are jointly issuing a demand for stipulated penalties pursuant to Section IX, paragraphs 67 and 68 of the above-referenced Consent Decree for sanitary sewer overflows ("SSOs"). Under paragraph 67, stipulated penalties accrue in the amount of \$500 per day for each SSO that reaches waters of the United States or state waters and in the amount of \$350 for SSOs that do not reach said Waters and occur within four years of Lodging of the Consent Decree. From June 23, 2013 through July 31, 2014, two hundred twenty eight (228) SSOs have been reported by SAWS, triggering the stipulated penalty provisions in paragraphs 67 and 68 of the Consent Decree. Attached and incorporated herein is a table of the SSOs giving rise to the stipulated penalties in the amount of \$92,600. The U.S. Department of Justice, EPA, the Texas Commission on Environmental Quality, and SAWS have had several conversations regarding SSOs and stipulated penalties. After consultation between the United States and the State of Texas ("Plaintiffs"), the Plaintiffs demand stipulated penalties in the amount of \$46,300 for the SSOs that occurred from June 23, 2013 through July 31, 2014. Plaintiffs have exercised enforcement discretion to reduce the total amount of stipulated penalty demand in this instance. However, Plaintiffs remain concerned about the frequency and severity of SSOs that have continued to occur since Lodging of the Consent Decree.

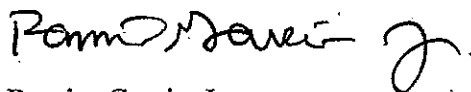
As has been discussed with SAWS, Plaintiffs are exercising their discretion to reduce the stipulated penalty amount; however, Plaintiffs will not use their discretion to reduce stipulated penalty amounts regarding violations that occur after July 31, 2014. Plaintiffs remain hopeful that San Antonio Water System ("SAWS") will work to achieve compliance with the terms of the Consent Decree moving forward.

SAWS shall pay the demanded stipulated penalties in accordance with the terms specified in Section VIII of the Consent Decree with fifty (50) percent going to the United States and the other fifty (50) percent going to the State of Texas. The stipulated penalties are due within thirty (30) days of receipt of this letter. If you have any questions regarding this matter, please contact the undersigned.

Sincerely,

A handwritten signature in black ink, appearing to read "John Blevins", with a long horizontal stroke extending to the right.

John Blevins
Director, Compliance Assurance and
Enforcement Division
U.S. Environmental Protection Agency

A handwritten signature in black ink, appearing to read "Ramiro Garcia, Jr.", with a stylized flourish at the end.

Ramiro Garcia, Jr.
Deputy Director, Office of Compliance and
Enforcement
Texas Commission of Environmental Quality